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National Intelligence Daily

Wednesday 22 July 1987

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Top Secret

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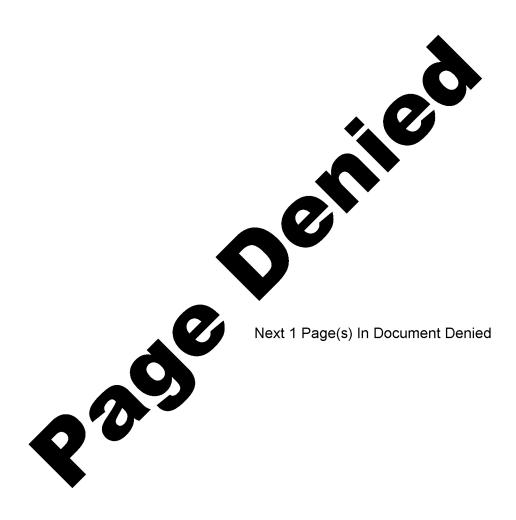
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PERSIAN (GULF: Iran l	Jrging Cease-Fire on Shipping		
	the li	an hopes to balance its opposition an-Iraq war by proposing a cease- e Persian Gulf.		25X1
•	supp or rej Gulf a Irania	an denounced the UN resolution to en ort Iraq, but Iran's Ambassador to th ected it. Iran is urging the UN to try to and says it will attack ships only in re- an shipping. Iran contends that the in ulf would violate the UN resolution ar	e UN has not yet accepted to obtain a cease-fire in the taliation for Iraqi attacks on tervention of US forces in	
				25X1
	two c plying	e announced yesterday that it would if its oil tankers sailing in the Gulf bu g the Gulf do so at their own risk. Tei emains high since they broke diplom	t, henceforth, French ships nsion between France and	
				25X1
	cast tensi wher the ii by pe	ment: Tehran hopes its proposal for it as the party willing to pursue peace on. The Iranians also would like to see Iran is most vulnerable, from the lanitiative. Iran will be trying to reduce ortraying it as part of the US effort to ence in the region.	e and Iraq as the source of eparate the war in the Gulf, nd war, where Tehran has the impact of the resolution	25 X 1
•	sche prob polic dem ill eq to de curre	evidently feels obligated to escort the duled to go to the Gulf before its annuably does not reflect a permanent chay of not escorting ships. Paris probably onstrate resolve toward Iran. French suipped to defend themselves against after merchant shipping is similarly lightly in the Gulf would probably also	nouncement, but the action ange in France's basic bly also hopes the move will naval units near the Gulf are air attacks, and their ability imited. The French frigates have trouble defending	3 osw
		nst small, fast craft attacking at night		25 X 1
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JAPAN-US:	Toshiba Affair Enters New Phase
	Political sniping from the opposition, divisions in the bureaucracy, and media questioning on the Toshiba case have greeted Trade Minister Tamura on his return to Tokyo, where he is trying to portray as successful his discussions with US officials on the technology diversion case.
	Tamura's public remarks since returning to Japan imply he made no promises in Washington to take specific actions. Despite Tamura's hints in the US that Tokyo could play a leading role in pursuing COCOM initiatives that would help stem future diversions, statements of other officials fall short of such an offer.
	According to the US Embassy, the opposition parties and media are demanding proof of a direct link between the Toshiba Machine Company's illegal export of milling machines to the USSR and reduction in Soviet submarine noise. Early statements by Japanese officials, and testimony in the Diet by the Prime Minister, the Foreign Minister, and others on the subject conflicted, fueling the debate. Recent remarks reflect a common government stand that there is a "strong suspicion" of linkage.
	Tokyo is likely to press the US for more information in order to answer growing demands from the press and the opposition for proof and to help build its case that the Toshiba diversion poses a serious threat to

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LGERIA-TUNISIA- IBYA:	Bendjedid Presses Cooperation
	Algeria appears determined to bring Libya into its Treaty of Fraternity and Concord with Tunisia and Mauritania.
	According to the press, Tunisia reopened air travel and other communications links to Libya last week, and Algiers announced Monday that the three capitals plan to build a gas pipeline linking their countries.
	Comment: President Bendjedid, who is trying to assert Algerian leadership of North Africa, is pressing ahead with his greater Maghreb

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SUDAN:	Civil Unrest Mounting	
	A rash of disturbances in Khartoum is stretching police capabilities, and the military is likely to stage a show of force against the demonstrators.	25 X 1
•	Ascerding to the US Embassy students are protesting shortages of books and equipment, while others are demonstrating because of shortages of fuel, public transportation, power, and water. Intermittent strikes by postal and telecommunications workers and electricians have cut off some essential services. The Embassy believes the demonstrations will continue to increase in number and	25 X 1
	size.	25X1
	the Army will soon begin a shew of force, moving troops and armored vehicles in Khartoum. In addition, police have orders to arrest suspected agitators, more checkpoints are being set up on the outskirts of the city, and searches are being organized in areas where arms are believed to be hidden.	25X1 25X1 25X1
	Army participation in the new essurity measures is to be held to a minimum. Many officers are unhappy with the current unrest, but most want the civilian government to resolve the problem.	25X1 25X1
	Comment: Periodic waves of strikes and demonstrations have occurred in Khartoum over the past year, but the current round indicates that civilian impatience with Prime Minister Sadiq's ineffective administration is increasing. If the situation continues to deteriorate, the Army will impose stronger measures to deal with demonstrators and senior officers are likely to consider forcing the civilian government to step aside.	25 X 1
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CANADA: Socialist Party Sweeps Byelections

The socialist New Democratic Party won another three seats in Parliament on Monday, two in longtime Conservative strongholds. The results lend credence to nationwide polls in recent months that have shown the party leading the Tories and Liberals. Gallup gives the New Democrats 41 percent of the support this month of the decided voters, the Liberals 35 percent, and the Tories 23 percent, a near-record low. Press analysis suggests that the results of the byelection will increase Tory infighting as Prime Minister Mulroney comes to be seen as the party's biggest liability and will intensify debate among the Liberals over John Turner's leadership.

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Comment: The NDP victories underscore the public's distaste for the scandal-plagued Tory government and for Mulroney in particular. Tory popularity has fallen steadily despite a strong economic recovery and the conclusion of a new constitutional accord. Some Tory leaders probably believe the party has no choice but to persevere, hoping the Socialists' surge will ebb and Liberal infighting will increase by the next election in 1989. Others, however, may conclude that the Tories should risk an early election to capitalize on Liberal disarray and the specter of a socialist victory, despite the Conservatives' current poor standings in the polls—particularly in view of the large number of undecided voters

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EC-USSR: Prospects for Diplomatic Relations

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Member states disagree on how quickly the EC should expand ties to Moscow, Most are said to believe that recent domestic economic and political changes in the USSR are significant; some EC members interpret the recent Soviet Central Committee plenum as clear evidence that the balance of power has shifted in favor of General Secretary Gorbachev and his reform program. France remains skeptical, however, arguing that Soviet foreign policy objectives remain unchanged and that progress on human rights has been slow. EC disagreement with Moscow over the status of West Berlin, moreover, is still a barrier to establishing full relations, according to various US Embassy reports.

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Comment: Resistance among powerful EC members is probably sufficient to slow but not halt progress toward expanded foreign policy consultations and eventual diplomatic relations with Moscow.

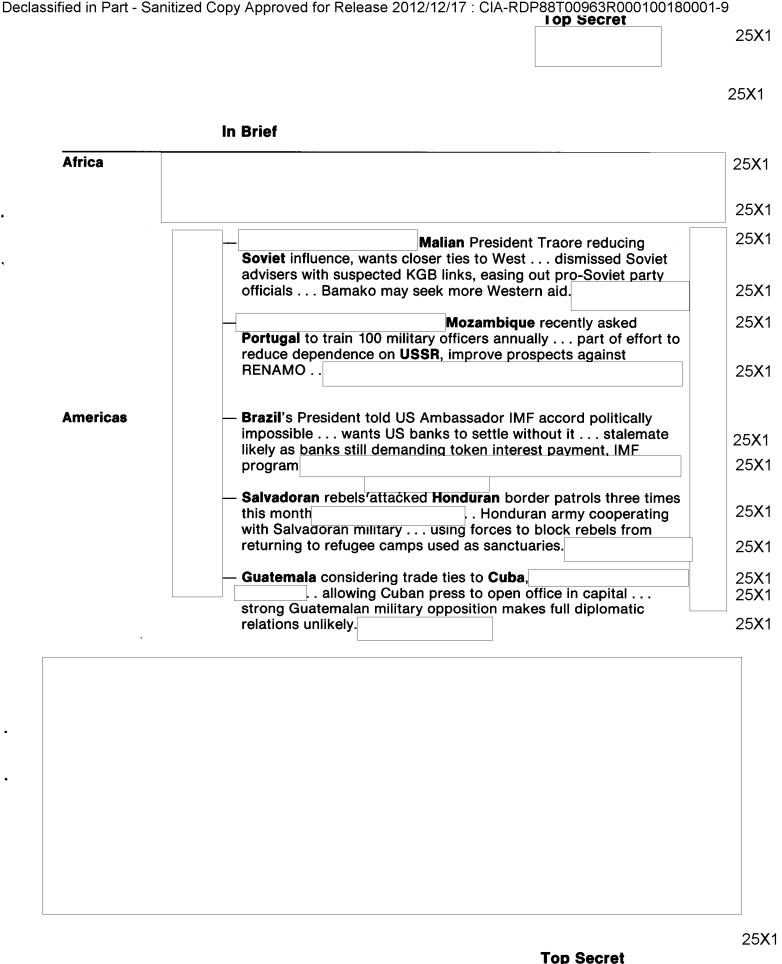
The issue will almost certainly be considered by EC foreign ministers at their meeting in September.

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	USSR-AFGHANISTAN: Najib Concludes Visit	
	TASS reports that General Secretary Gorbachev discussed "additional steps and measures in the interests of a speedier normalization" with visiting Afghan party chief Najib, who returned to	057/4
	Kabul yesterday. Najib told a Moscow press conference that these would include political steps already announced as well as economic and military measures. TASS emphasized continued Soviet support	25X1
	for Kabul's "national reconciliation" policy and said Najib had been invited to attend the October Revolution celebrations.	25X1
	Comment: Najib's visit to Moscow last December was the prelude to his cease-fire and "national reconciliation" initiatives. The Soviets may have used the latest visit to push a new proposal—such as a rumored roundtable conference involving all parties to the Afghan conflict—although Najib's statement to the press suggests that measures other than political may be in the offing. The official statements do not indicate optimism about the near-term prospects of the current policy. Although references to Najib are not warm, the invitation to return in the fall shows that Moscow is underlining its	
	commitment to him and his regime.	25X1
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	Special Analysis	
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IRAQ:	Strategy After UN Resolution	
	Baghdad has given preliminary indication that it will accept the UN Security Council resolution on the Iran-Iraq war and will try to ensure that the onus for any further fighting falls on Iran. The Iraqis probably will halt air attacks in the Persian Gulf at least temporarily. Iraq will try to keep the superpowers involved in the Gulf so that they will continue to press Iran to end the war.	
		25 X 1
	Baghdad will try to contrast its eagerness to end the war with Tehran's intransigence.	25X1
	Baghdad has announced that its General Assembly will debate the resolution in a few days, but the outcome undoubtedly will be favorable. The US Embassy in Amman reports that Iraqi Foreign Minister Aziz said Iraq would honor a cease-fire unless attacked. If, however, Iran has not accepted the resolution and withdrawn to the international border within a few weeks, Iraq probably will resume its	
	shipping attacks because of its longstanding belief that a cease-fire limited to the Gulf favors Iran.	25 X 1
	Meanwhile, Iraq probably will begin diplomatic efforts to get Security Council members, particularly the superpowers, to adopt a follow-on resolution calling for stiff mandatory sanctions against Iran for violating the cease-fire resolution. China, the USSR, the UK, France,	
	Ghana, and Congo, however, are likely to drag their heels on such a measure	25X1
		25X1
•	While moving closer to the US, Iraq is eager for continued Soviet support as well and will maintain close ties to Moscow. Iraq is concerned that the Soviets will cut a deal with Iran at Baghdad's expense. In a recent address to ruling Ba'th Party officials, Iraqi President Saddam Husayn lauded General Secretary Gorbachev for economic reforms similar to those Saddam is pushing in Iraq. The Iraqis early this month signed a five-year technical, trade, and economic agreement negotiated with Moscow last year. The USSR, Iraq's principal arms supplier, continues to assist in the development of Iraq's energy and agricultural sectors.	25X1
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Gorbac	hev Speaks Out on <i>Glasnost</i>
	e press of debate about the legitimate boundaries of <i>glasnost</i> , Gorbachev has made
the clear	est statement to date of official guidelines:
On the va	alue of openness
	The most controversial questions need to be debated while having respect for one nother. In even the most extreme points of view there is something valuable "
	think that we never will be able to forgive or justify what happened in (Stalin's arges of) 1937-38, and we never should "
	do not see any drama in polemics, in the confrontation of points of view. It is ormal."
And its li	mits
— " "	his is not permissiveness, glasnost is called on to strengthen socialism."
of	f they start seeking out values and discoveries outside the limits of the interests the people and beyond the limits of socialism, then the Central Committee will ablicly subject this to criticism."
Specifica	ly, Gorbachev cited as beyond the bounds of permissible debate:
	Things that go beyond the bounds of our system, in particular that we should nounce the instrument of the planned economy."
	The idea that it is possible to get by without the party there must be no srespectful attitude toward cadres in general."
	A rejection of everything that has gone before would be a mistake We are oud of everything that enriches our long and great history."
	Ve would be concerned if (our artistic intelligentsia) tried in conditions of openness, iblicity, and democratism to gain revenge for every criticism."

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	Special Analysis	
USSR:	Gorbachev, Ligachev Increasingly at Odds	
	Since the Central Committee plenum last month, policy disputes between General Secretary Gorbachev and senior party secretary Ligachev appear to be heating up. In a sharply worded speech, Ligachev has protested abuses of glasnost and excesses of the media. Gorbachev has refuted Ligachev's suggestions that the situation is getting out of control, but he has acknowledged that openness must have limits—and he may have approved curbing groups that are going too far. If their political fortunes continue to wane, Ligachev and opponents of reform may become more aggressive in attempting to use the glasnost issue	
	against the General Secretary.	
	Even before the plenum, Ligachev had been distancing himself from some controversial political and economic reforms proposed by Gorbachev, while continuing to support him on many other issues. Although the promotion of three additional senior secretaries at the plenum significantly weakened Ligachev's influence within the secretariat, he has not been silenced. In a speech early this month at the newspaper Sovetskaya Kultura, he voiced the strongest public reservations to date on the part of a senior Soviet official about glasnost. He charged that the media, while moving in the right direction, had dredged up "scum and debris" and brought forth some "dubious ideas." Ligachev called instead for "constructive" glasnost, blending artistic merit and "profound ideological commitment."	
	This speech and other recent appearances suggest that Ligachev is determined to retain a voice in the regime's ideological and cultural policies. Gorbachev ally Aleksandr Yakovlev has become increasingly prominent in those areas, however, and his recent promotion to full Politburo membership gives added weight to his pronouncements. Yakovlev has been substantially more tolerant of wide-ranging debate than Ligachev and last week appeared to take issue with him by criticizing unnamed persons who call for limits on openness. Even Soviet insiders seem confused about the respective roles the two men	
	are playing: a senior economist told US Embasey officials that	,
	Yakovlev is now in charge of ideology, but a party official said that Ligachev and Yakovlev are sharing ideological responsibilities.	
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concerns, Gorbachev has appointed Yakovlev to head a new commission charged with maintaining the momentum of the reform process while ensuring that it does not get out of hand.	25X1 25X1
with demonstrators from an extreme Russian nationalist group, Pamyat', in May. According to an Embassy source Yakovlev told media officials that the group must be destroyed and authorized a-	25X1 25X1
In a 14 July speech to media officials, Gorbachev appeared to respond to the concerns raised by Ligachev. He promised that <i>glasnost</i> and criticism would not be allowed to undermine "socialist" values or create a climate of disrespect for party officials. His remarks suggested, however, that he did not share the same degree of concern as Ligachev about excesses in <i>glasnost</i> . Gorbachev denied that grounds exist for "great political reproaches" and asserted that there is something valuable even in the extreme viewpoints that have been aired.	25X1
The General Secretary may see himself as vulnerable on the issue of openness. He told the media chiefs that some people are just waiting for "you or me to make a mistake to turn it against the entire process of democratization and glasnost."	25 X 1
The unusual public airing of differences between Gorbachev and Ligachev suggests they may be moving toward a showdown over reform. Tension between the two may contribute to rumors circulating in Moscow that Gorbachev wants to dilute further Ligachev's power by moving him to the largely ceremonial presidency now held by the 78-year-old Gromyko.	25 X 1

The Chilean Political Spectrum

The Moderate Opposition Parties

All political parties have been technically illegal in Chile since the military government came to power in 1973, but several dozen moderate parties and factions continued to operate more or less openly. The moderate parties have formed several coalitions in the past few years.

- **The Democratic Alliance.** A broad grouping of seven parties from the moderate right to the center left founded in 1983 and dominated by the centrist Christian Democratic Party. Chairmanship rotates every six months among the parties.
- The National Accord. Eleven mainstream parties that signed a comprehensive series of moderate proposals for a transition to democratic government in August 1985 at the instigation of the Catholic Church's primate. Includes two conservative and two leftist parties along with the original members of the Alliance. Quiescent in recent months.
- The National Civic Assembly. A loose grouping—led by the Christian Democrats—of 18 leading professional, labor, academic, and social groups formed in April 1986. Largely inactive in recent months.
- The Party of National Renovation. Established in January 1987, through the fusion of two moderate right and one far right parties. Key members were formerly closely identified with the Pinochet government and at one time apparently favored the President's reelection in 1989. Several now endorse the free election campaign headed by Sergio Molina.

In March 1987, the government passed legislation—one of the laws that under the constitution of 1980 must be in place before the presidential plebiscite is held—to legalize non-Marxist political parties. As of late last month, eight parties, mostly from the right of center, had begun the initial steps to acquire legal status.

Far Left Groups

The Communist Party of Chile is the largest and best organized far left group in the country; its total card-carrying membership has grown to 37,000, and its youth wing probably numbers about 20,000. In December 1983, the party supported the creation of the Manuel Rodriguez Patriotic Front, which has become Chile's main terrorist group, with a membership of 1,500 to 2,000. It has carried out more than 2,500 bombings since late 1983 and mounted the assassination attempt against Pinochet in September 1986.

Several other far left groups advocate violence to overthrow Pinochet, but none approaches the Front in size or frequency of terrorist actions, including the pro-Cuban Movement of the Revolutionary Left. Most far left parties belong to the Communist-led Popular Democratic Movement coalition, which was folded into the new United Left alliance in mid-June. The Communists used the Movement—and will try with the alliance—to channel many of their overt political activities, such as calls for street protests and for liaison with student, labor, church, and professional groups.

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respected, even by senior military officers. He and other oppleaders say, according to the US Embassy, that if Pinochet is nominated the opposition can still mobilize to denounce vote and generate a massive vote against him.	S
The Role of Other Sectors	
A prominent Chilean business leader has told US officials the	at the

The Role

A promi business community fears that Pinochet's free market economic policies will become discredited if he stays in power much longer. As a result, the business community is distancing itself from the President and now prefers a civilian as transitional chief of state. Businessmen plan to launch a program next month to build support for the private sector and, by inference, for a consensus presidential candidate in 1989.

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Leaders of the two main labor confederations are touring the provinces to support the voter registration drive. Last month the church's Episcopal Conference called on Chileans to register, and the head of the government's election service announced the recent rise in voter registration is partly due to strong church support.

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Far Left Isolated

the Communists—the main subversive force in the country—remain on the defensive following the government seizure of major arms caches last summer and their failed attempt to kill Pinochet last September. Communist leaders now emphasize political tactics and play down their past advocacy of violence as the only way to remove Pinochet. So far, however, their efforts to rebuild their ties to the moderate opposition have been fruitless.

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Terrorism by the Communist-affiliated Manuel Rodriguez Patriotic Front declined markedly over the past year, but bombings and assaults on the security services surged following the killing last month of 12 terrorists in alleged shootouts. Communist-sponsored violence probably will increase in the coming months, particularly since moderate opposition leaders almost certainly will continue to distance themselves from the Communists.

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Pinochet remains determined to ram through his nomination as the sole plebiscite candidate. He can no longer convincingly argue that he is the only alternative to chaos, however, because the moderates have indicated a willingness to accept a slow transition to civilian rule that would safeguard key military and conservative interests. Pinochet will also find it hard to capitalize on any resurgence of Communist terrorism as long as the moderates continue to reject cooperation with the far left and condemn violence.

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Stirrings on the Right		
Conservative political and business groups has since Sarney introduced the Bresser Plan but will reinstate the populist social and economic from last year. Landowners demonstrated in Expression protest legislative efforts to expand agrarian refrom directly criticizing Sarney.	are wary that Sarney policies he turned away Brasilia last week to	25 X 1
Recent statements by retired and active-duty disapprove of Sarney indicate that hardliners a minority, are restless. Their dissatisfaction wweak leadership might spur the high command forcefully to prop up Sarney's government if the	in the military, although vith the President's d to move more	
further.	o ordanon dotorioratos	25X1
Prospects for This Year		25 X 1
Protests will probably intensify as the economic Sensulate in Sac Paulo reports that there is a the poor and that they have taken to random look Leaders of the Democratic Movement are presented spending to head off a recession, and forced to discard economic austerity, unleash Political commentators say the conservatives rif Sarney surrenders to growing leftist pressur	sense of crisis among poting of supermarkets. sing Sarney to increase he probably will be ing inflation again. may renew their attacks	
Plan.		25X1
Under these conditions, the Constituent Asser curtail Sarney's term and call a direct election Assembly might strip Sarney of many of his ponew parliamentary system before the election. would raise concerns in the military over the presidency, and the high command would try	in 1988 or 1989. The owers by establishing a Such a move, however, prospect of a Brizola	
behind the scenes to support Sarney through the		25X1
		25X1
There is also the risk that the collapse of fiscal spiraling economic protests, with violence bed Popular and political pressures for an immedia could cause military leaders to move in concer	coming more common. ate presidential election	

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the Constituent Assembly in an effort to ease Sarney from office.

